

Who We Are

The Legislature created the Washington State Gambling Commission (WSGC) in 1973 after a series of gambling related scandals. Five citizens are appointed by the Governor, with the consent of the Senate, to act as part-time Commissioners, for a single six-year term. Once appointed, a Commissioner can only be removed for cause by a subcommittee appointed by the Chief of the Supreme Court. This structure ensures the Commission maintains an arm's length distance from the political structure.

Four members of the Legislature act as ex officio members. Ex officio members do not vote, except for purposes of approving or amending tribal gaming compacts.

The Commission appoints a director, who appoints agency staff.

Of the nearly 190 full-time positions authorized, over 95 are commissioned law enforcement officers, responsible for enforcing the gambling laws.

The Commission is the second oldest and third largest gambling regulatory agency in the country.

Agency Funding Source

The Gambling Commission is funded through licensing and regulatory fees paid by licensees and tribal governments and is not a general fund agency. WSGC's budget for the 2003-05 biennium, as approved by the Commission, is \$29.6 million, which is less than the 2001-03 biennium budget of \$30.4 million.

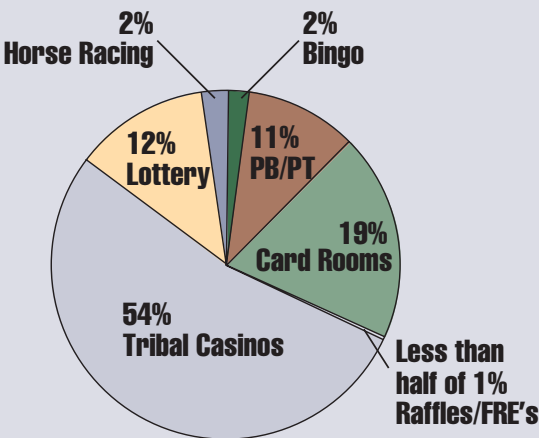
Amy Blume, Attorney
Administrator for the Communications and Legal Division/Legislative Liaison (360) 486-3463



Amy Blume has been with the Commission since 1994. She oversees the agency's legal department, communication functions, and a unit that compiles over 10,000 gambling statistical reports each year.

Net Gambling Receipts for All Gambling in Washington State in 2003

Net Receipts = Gross receipts minus prizes paid



Bingo	29.5 M
Punch boards/Pull-Tabs	135.4
Card Rooms	248.8
Raffles/Fund-Raising Events	4.1
Tribal Casinos (estimated)	700.0
Lottery	162.4
Horse Racing	29.6
Total	\$1.310 B

Tax

The state does not collect a gambling tax, but does collect a B&O tax. State law allows local cities or counties to tax gambling. Licensees reported paying nearly \$44 million (about \$1 million less than last year) in local gambling taxes for the fiscal year ending June 30, 2003.

Local Gambling Taxes

Card rooms reported paying \$26.9 million in gambling taxes to local governments, a decrease of 1.6% from 2002.

Punch board/pull-tab taxes declined 1.4%, from \$15.7 to \$15.5 million.

Bingo taxes declined 10.8%, from \$1.5 to \$1.4 million.

B&O Tax

The state collected over \$4.2 million in B&O taxes from card room, punch board/pull-tab and bingo licensees in 2003.

Problem Gambling Services

The WSGC has contracted with the Washington State Council on Problem Gambling (Council) since 1991 to provide services, including public education, training for mental health professionals, and staffing for a toll-free hotline. Between 1991 and 2002, the annual amount of the contract varied from \$60,000 to \$150,000.

The contract now covers costs related to a helpline, at approximately \$25,000 per year. State law requires licensees to post the Council's helpline number and include it as part of nonprofit bingo advertising.

In 2003, legislation was passed which provided express authority for the WSGC to contract with qualified entities, such as the Council, to provide gambling awareness training and services. We are currently working with the Council to identify appropriate services and funding.

Washington State Gambling Commission

Liz McLaughlin
Commission Chair
Appointed February 1996 - Term expires June 2007



After 19 years at the Everett Community College Family Life Program, Commissioner McLaughlin served as Everett District Director for Congressman Al Swift. In 1986, she was appointed to the Snohomish County Council, served as chair for two years, and was re-elected three times.

Alan Parker
Commission Vice Chair
Appointed May 2000 - Term expires June 2009



Commissioner Parker is an attorney and a member of the faculty of The Evergreen State College, where he serves as the Director of the Northwest Indian Applied Research Institute.

Current Ex Officio Members

Senator Margarita Prentice, 11th District

Senator Shirley Winsley, 28th District

Representative Alex Wood, 3rd District

Representative Cheryl Pflug, 5th District




Washington State Gambling Commission

P.O. Box 42400, Olympia, WA 98504-2400
www.wsgc.wa.gov

Mission
Protect the Public by Ensuring that Gambling is Legal and Honest.


Mission
Protect the Public by Ensuring that

Curtis Ludwig, Commissioner
Appointed January 1996 - Term expires June 2006




Commissioner Ludwig served four years in the state legislature and is a former three-term elected prosecuting attorney for Benton County.

George Orr, Commissioner
Appointed January 2000 - Term expires June 2005




Commissioner Orr is a former member of the House of Representatives. With more than 33 years of service, he recently retired as the Fire Inspector of the Spokane Fire Protection District No. 1.

Judge Janice Niemi (Ret.), Commissioner
Appointed February 2002 - Term expires June 2008




Commissioner Niemi served in the Washington State Senate and the House of Representatives from 1983 to 1994. Commissioner Niemi retired as a King County Superior Court Judge in 2000.

Rick Day
Director (360) 486-3446



Rick Day was appointed Director of the Washington State Gambling Commission in August 2001. He was born and raised in Montana and graduated from Montana State University with a degree in Sociology/Criminal Justice. Rick began his law enforcement career as a police officer in Montana. He has worked in the criminal justice system for over 26 years, 17 of those which were in law enforcement-regulatory work involving tobacco, liquor, and gambling investigations.

Robert Berg, Deputy Director
(360) 486-3452



Robert Berg has been with the Commission since 1998. He oversees Licensing Investigations, the Electronic Gambling Lab, Tribal Gaming, Field Operations, and the Special Investigations Unit, which performs undercover work to investigate illegal gambling crimes.

Typical Illegal Gambling Activities Investigated


- Bookmaking - accepting bets on sporting events and charging a fee on all losing bets.
- Illegal card or dice games - charging or collecting a fee beyond personal winnings. These games are legal if no fee is collected.
- Loansharking and money laundering related to gambling activities
- Animal fights that involve betting, such as dog or cockfights.
- Owning, transporting, or operating slot machines, video pull-tabs, or other similar illegal electronic devices.

Field Operations regulates all licensed gambling activities by conducting inspections, reviews, and investigations. Field staff provide technical assistance on gambling operations and work with numerous licensee groups.

Background Investigation


To ensure crime does not gain a foothold in Washington, our background investigations are among the most thorough in the nation. We conduct criminal background investigations on nearly everyone involved in the gambling business. For commercial businesses, we trace the funds to ensure the money is from a legitimate source. In addition, for charities and nonprofit organizations, we ensure funds are used as intended by state law. WSGC regulates over 4,100 licensed gambling activities and nearly 13,400 licensed individuals in the tribal and non-tribal gambling industry.

Ed Fleisher, Attorney
Special Assistant to the Director/Legislative Liaison
(360) 486-3449



Ed Fleisher has been with the agency since 1998. He is the lead negotiator for the State's Tribal Negotiations Team and the agency representative on Tribal 2% community contribution committees.

TRIBAL GAMING



In the fall of 1988, President Reagan signed into law the Indian Gaming Regulatory Act (IGRA). This Federal Act confirmed the rights of Tribes to conduct gaming on Tribal lands through agreements with the state (Tribal-State Gaming Compacts) and established a statutory framework for the regulation of Indian Gaming. IGRA requires the state to negotiate in good faith with Indian Tribes to provide the opportunity to engage in casino type gambling activities that are allowed in some form in the State of Washington. The Tribes are only allowed to engage in these activities through a compact with the State. The Director has been delegated the responsibility to negotiate these compacts and the Commission jointly regulates these activities with the Tribes. The Commission's licensing division certifies tribal casino employees, tribal gaming agents provide on-site enforcement and regulation, and undercover agents circulate through the casinos.


There are 29 federally recognized Tribes in Washington. 27 of those Tribes have successfully negotiated a Tribal-State Compact to offer Class III Nevada-style gaming. Of those Tribes, 17 are currently operating one casino and the Puyallup Tribe is operating two casinos for a total of 19 Tribal casinos in the state.

Since 1992, the state has certified over 16,000 individuals to work in the Tribal casinos; over 6,300 of these individuals are currently certified.

New Tribal Casinos

The Shoalwater Bay Tribe and the Colville Confederated Tribes opened casinos in 2003 and we anticipate the Colville Confederated Tribes will open two additional casinos in 2004.

TRIBAL MACHINE GAMING



Tribal Lottery System

From the outset of gaming compact negotiations, there was disagreement between the state and Tribes on whether machine gambling was legal in Washington.

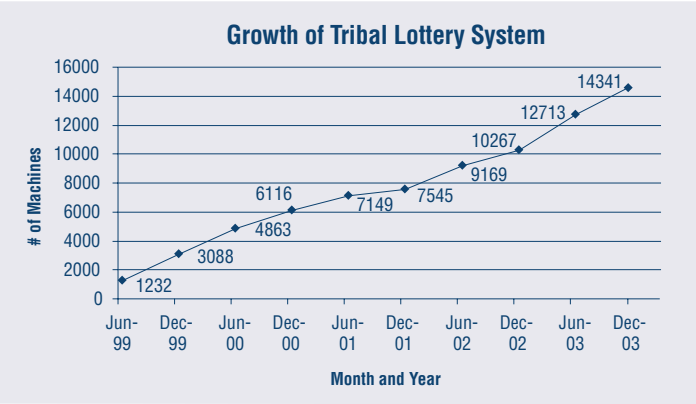
In 1994, in an effort to resolve this, several Tribes, then-Governor Lowry and Attorney General Gregoire asked a federal court to determine what types of gambling devices, if any, were permitted under Washington State law.

In 1997, the court ruled slot machines were not legal, but other devices may be permitted. After a year of negotiations between the State and twelve Tribes, a Compact Amendment was approved for machine gambling that was modeled after the Washington State Lottery's scratch ticket games. They look like a slot machine; however, unlike a slot machine, the Tribal Lottery Machines are linked to a central computer and the winners are pulled from a pool of pre-determined winners.

Each Tribe is allotted 425 machines in the first year, and up to 675 machines after that. Tribes may lease or purchase the rights to additional machines from other Tribes and can operate up to 1500 or 2000 machines, depending on the compact.


Currently, Tribes operate over 14,000 machines. If all Tribes operated the maximum amount allowed, they could operate 18,225 machines in total.

The **Gambling Commission's Electronic Gambling Lab** tests electronic equipment related to gambling for compliance and integrity.



Over 13,000 machines at tribal casinos as of 12/30/2003

HOUSE-BANKED CARD GAMES



In 1997, legislation passed authorizing Nevada-style card games, such as Blackjack, in commercial card rooms.


Prior to 1997, commercial card rooms were limited to card games in which customers played among themselves, such as poker. The house was not directly involved with the game. A card room operator could profit from the game, by collecting a fee from players.

Since 1997, over 100 house-banked card rooms have been licensed. New card rooms continue to open as others close. The average number operating is 80, employing over 6,200 licensed card room employees.

The number of applications pending varies between ten and fifteen.

A house-banked card room can operate up to 15 tables and betting limits are capped at \$100. Most locations in Western Washington are operating 12.5 tables. In Eastern Washington, the average is 9.6 tables. Both are slightly down from last year.

LOCAL GOVERNMENTS BANNING GAMBLING



Under State law, the Gambling Commission has exclusive authority for the licensing and regulation of gambling activities. Cities and counties may prohibit any and all gambling activities, but may not change the scope of activities allowed by a gambling license. Since house-banked card rooms were introduced in 1997, a number of jurisdictions have banned card rooms. Authority to zone card rooms in certain areas, and allow existing card rooms but prohibit new ones (grandfathering) has been the subject of much debate.

At this time, we are aware of the following restrictions in city/county ordinances relating to card rooms:

Bans: 42	Zoning Restrictions: 9	Moratorium: 1
Grandfather: 7	Grandfather with sunset clause: 4	

There have now been a few cases interpreting this law. The Division 1 Court of Appeals struck down the City of Edmond's ordinance which had grandfather and sunset clauses and Pierce County Superior Court ruled in favor of a card room and enjoined the county from enforcing the grandfather clause in their ordinance for five years.

IMPLEMENTING 2003 LEGISLATION GAMBLING REVENUE TASK FORCE

A Gambling Task Force established in the 2003 state budget was asked to examine possible ways to enhance state revenue from gaming. The Task Force is supported by the Lottery Commission and is made up of one member from each of the four legislative caucuses, the executive directors of the Gambling and Lottery Commissions and the Governor's designee. The Task Force will report to the House Appropriations Committee in January 2004.